



United States Senate
**Committee on Small Business
and Entrepreneurship**

Olympia J. Snowe, Chair

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For Immediate Release:
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**SNOWE CONCERNED SARBANES-OXLEY COULD IMPEDE SMALL BUSINESS
JOB GROWTH AND COMPETITIVENESS**

Asks SEC Chairman Christopher Cox For Guidance On Law's Implementation

(Washington, DC) – In a letter to Securities and Exchange Commission Chairman Christopher Cox, U.S. Senator Olympia J. Snowe (R-Maine), Chair of the Senate Committee on Small Business and Entrepreneurship, today expressed strong concern that the Sarbanes-Oxley Act of 2002 will create unintended burdens on small businesses that will hurt job creation, competitiveness, access to capital, and their ability to continue as publicly traded companies.

Last year Senator Snowe and Senator Michael Enzi asked the Government Accountability Office to study the Act's effects on small businesses, and to determine if the Act places a disproportionate compliance burden on small businesses. This important study will be available by year end.

Senator Snowe wrote:

"In 2002 Congress enacted the Sarbanes Oxley-Act, which I supported, in response to abusive corporate accounting practices . . .

"While the Act has improved publicly traded companies' corporate governance, I believe strongly that it is necessary to consider whether the Act is creating unintended burdens on small businesses. For example, there is evidence that Section 404 of the Act imposes disproportionately high compliance costs on small companies in comparison to large companies. These high costs can eliminate small businesses' profitability and threaten their survival. I am particularly concerned that some of the Act's provisions are diverting many small business owners' focus, and limited resources, away from innovation and growth opportunities and towards a concentration on documenting accounting measures and internal controls. While compliance and controls are needed, the SEC must strike an appropriate balance for small companies . . .

“In order to gauge the depth of the small business involvement in the regulatory process, I would like the SEC to respond to the following questions:

“1. What steps are the SEC taking to facilitate ongoing communication between the SEC, the Advisory Committee, and small public companies that are affected by SEC regulations?

“2. After the Advisory Committee publishes its findings, how will the SEC assure that going forward the views and concerns of small businesses are considered during the regulatory formation process?

“3. How is the SEC working with organizations like the Committee of Sponsoring Organization of the Treadway Commission (COSO) and the Financial Accounting Standards Board, as well as others, to coordinate small business regulatory standards and issue timely and practical guidance to small companies?

“4. What is the SEC’s opinion of tiered compliance and regulatory measures that would impose a lower compliance burden on the smallest public companies, with compliance and regulatory requirements increasing as company size increases?

“I am confident that this thorough study will enable the SEC to protect investors without imposing a regulatory burden that impedes small business growth, innovation, and efficiency. I look forward to working with the SEC to strengthen the vitality of small companies and am grateful for your attention to this request. I would appreciate a reply to this letter by November 18, 2005.”

Senator Snowe applauded yesterday’s action by COSO in releasing for public comment new guidance that would address the needs of smaller businesses in fulfilling the requirements of Section 404 of the Sarbanes-Oxley Act.

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